

# Supporting Small Business and Private Entrepreneurship

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## Abstract:

This article talks about how to further reform and stabilize small business and private entrepreneurship in the Republic of Uzbekistan, as well as the growth of current private enterprises and the level of small business potential.

**Keywords:** business, business entities, real income, population employment, GDP, agricultural relations, market economy.

## Introduction

One of the main ways to strengthen the economy of the Republic of Uzbekistan, to develop it in all respects, and to accelerate the transition of the economy, especially to the market, is the development of small business and private entrepreneurship. Therefore, a number of laws, decrees and decisions were adopted on the development of entrepreneurship, its support by the state, initiative in private entrepreneurship, and its encouragement. It is difficult to imagine the basis of the economic and social reforms being carried out in our country without entrepreneurship, factoring and business qualities. The widespread development of free market relations is reflected in people's lives, their lifestyle, spiritual and life skills. Support of small business and private entrepreneurship provides not only economic goals related to continuous development of the economy, improvement of economic relations, development of competition and filling of the consumer market.

In order to make small business and private entrepreneurship more stable in our country, the President of the Republic of Uzbekistan "Additional measures to fundamentally improve the system

of organizing work on the protection of private property and strengthening the guarantees of the rights of owners, supporting entrepreneurial initiatives, as well as on the expansion of opportunities for business entities to use financial resources and production infrastructure" Decree No. PF-5980 of August 13, 2023 and the President of the Republic of Uzbekistan "Small business under the Ministry of Economy and Industry of the Republic of Uzbekistan on the organization of the activity of the entrepreneurship development agency" decisions No. PQ-4517 of August 13, 2023 were adopted.

### **Analysis of literature on the topic**

One of the main goals of establishing a socially oriented market economy in Uzbekistan is the priority development of small business and private entrepreneurship in the country. To achieve this goal, economic reforms were carried out, and large institutional foundations were created to increase its role. These include the organization of business activity and legal and regulatory documents guaranteeing it, non-governmental organizations and enterprises assisting entrepreneurs. The establishment of a complex of private entrepreneurship and small business enterprises in Uzbekistan is progressing successfully. Enterprises engaged in small business activities independently of the state, that is, without large capital expenditures, can introduce jobs themselves, reduce the shortage of temporarily available goods, and even eliminate this shortage completely. they can harden. In our current society, it is necessary to direct the activities of small enterprises to meet the needs of some people. This is clearly visible in the fields of household services and production of consumer goods. Small enterprises are also very important in the introduction of technological innovations.

The preliminary scientific research in the field of legal regulation of business activities was conducted by legal scientist B.Ibratov. Based on the fact that all the actions of an entrepreneur consist mainly of analyzing market opportunities, using them, implementing innovative ideas, it is not a traditional class definition of an entrepreneur that leads to the essence of capitalist exploitation, but it is a function of human activity in this field. explains that it is necessary to pay attention to its place in society and its social importance. Also, an entrepreneur is defined as a set of organizational, economic, financial, legal and other economic relations that provide services for reproduction in separate segments of the market economy.

### **Research methodology**

Small business and private entrepreneurship is an important factor in the development of the economy, increasing the employment and income of the population. More than fifty presidential decrees and decisions were adopted in the last two and a half years in order to support the representatives of this field from all sides. In particular, the procedures for state registration of business activities, obtaining various permits and many other services have been simplified. In order to facilitate this, the State Services Agency and its local centers were established.

The position of business ombudsman was introduced to protect the rights and legal interests of business entities. Reception offices of the Prime Minister were established in all regions, which receive and help solve businessmen's appeals. At the Cabinet of Ministers The activity of the state fund to support the development of entrepreneurship was launched, and 200 billion soums and 50 million dollars were allocated to it. At the same time, the volume of loans allocated to entrepreneurs by commercial banks has increased. Such practical measures are bearing fruit. Small business provides about 60% of the country's gross domestic product, one-third of the volume of industrial products, 98% of agricultural products, and half of investments. In many regions, 70-90 percent of exports go to small businesses.

The main goal of Uzbekistan's economic reforms is to build a strong democratic legal state and civil society with an open foreign policy, a stable socially oriented market economy. In the republic, market reforms are being carried out strictly and consistently. For this reason, the following

conditions have been created for the development of small business and private entrepreneurship in our Republic:

1. Registration time of small business entities is 30 minutes. Only one document is required for registration as an individual entrepreneur, and two documents are required for registration of a small enterprise as a legal entity.
2. The single tax payment rate, which is an important factor in creating favorable conditions for the development of small businesses in almost all sectors, is 5% of the volume of goods and services sold. In addition, the current rate of the single social payment for small business entities is 15%.
3. Newly established production enterprises with participation of foreign investment are given the right to apply the rate of taxes and compulsory payments on the day of their registration for five years. Starting from 2023, small enterprises with a land area of more than 1 hectare will pay a single land tax.
4. Financial support of small businesses is implemented in the following ways: granting loans by banks at preferential rates; guarantee of 50% of the loan funds granted to business activities of the State Fund for Entrepreneurship Support and compensation of interest costs calculated on loans from commercial banks.
5. Business interests are protected by the institution responsible for protecting the rights and legal interests of business entities. In Uzbekistan, unscheduled inspections of small business entities have been canceled, and business entities have been exempted from all types of administrative fines for financial and economic offenses committed for the first time.
6. Centers operating under the principle of "single window" providing state services to business entities in all regions of the republic entrepreneurship support centers have been established. "Business incubators" have been established for subjects who are just starting their business activities to draw up their business plans, provide legal and practical support, as well as receive the necessary information for their activities.
7. Clusters for young entrepreneurs were organized by training courses on business management for entrepreneurs across the republic, implementing projects on the basis of privatized facilities, allocating land areas on the basis of zero rent for a period of 5 years. At the same time, we should highlight the problems that prevent small businesses from fully realizing their potential. In small business, more than 62% of employees are employed in sole proprietorships, while only 16% are employed in small enterprises and micro-firms. Low levels of employment of small enterprises correspond to Navoi (11.3%), Kashkadarya (12.4%) and Tashkent region (13.2%). In small business, 34.2% of employees are employed in agriculture, 12.7% in industry, 11.6% in construction, 13.4% in trade, and 28.1% in services.

### **Analysis and results**

As it can be seen from the analysis of the above items in the section of industries, we can see a relatively low level position of small business in the industrial sector where the efficiency of job creation is high compared to other industries. The preservation of this indicator at the current level of growth may cause problems related to the increase of the population's wages and real income from business activities in the future. This situation may lead to the restriction of social guarantees provided by the state to the population. In addition, the share of the number of small business entities in trade remains at a high level. In the retail turnover, we can see that the share of small businesses and micro-enterprises was 20.2%, while the share of individual entrepreneurs was 69.4%, which has a negative impact on the income of the banking sector. and creates inconsistencies in the taxable base of small businesses.

As a result of fundamental reforms implemented to support entrepreneurs and improve the business environment, in the World Bank's "Doing Business - 2023" report, Uzbekistan rose 7 places and took 69th place, and is among the top 20 reformers in the world. took place among the state. For the first time, our country has risen to eighth place in the world in terms of the ease of opening a new enterprise. As a result of such opportunities, 91 thousand new business entities were established in the last 10 months of this year, or 2 times more than in 2021. But it should be noted that there is still a lot of work to be done in the field of development. In particular, it is necessary to eliminate the shortcomings indicated in the "Doing Business - 2023" report, including creating facilities for land allocation, construction and property registration. That is why it is necessary to give land to entrepreneurs through an online auction and register the property it is necessary to ensure interdepartmental electronic information exchange on transfer. Based on foreign experience, it is also important to establish a separate structure responsible for transferring the right to property independently of the state registry.

### **Conclusions and suggestions**

To sum up, the contribution of small business to the country's economy should be increased, the creation of small industrial zones, the improvement of the investment environment and the competitive environment, the expansion of public procurement within the framework of public-private partnership with small business, and the cooperation between large and small enterprises. We can see the strengthening of mutually beneficial cooperation and the involvement of business entities in innovation processes. It is also worth noting that it is important to provide financial support to successful and promising small enterprises that have sufficient export potential, but at the same time do not have enough capital for further development. These measures help to create more jobs in the field of effective small business, increase access to the world market, increase the export potential of the country and increase the income of the population.

In a word, the development of entrepreneurship and small business in our country remains one of the most priority areas of state policy today. In the words of President Shavkat Mirziyoyev, we can achieve development and a prosperous life only through active entrepreneurship, tireless work and aspiration.

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